

Medical Care Advisory Council

Minutes

Date: February 14, 2007

Time: 1:00 – 4:30 p.m.

Where: Michigan Health and Hospital Association's Headquarters
6215 West St. Joseph Highway
Lansing, Michigan

Attendees: Sarah Slocum, Jackie Doig, Dave Herbel, Alison Hirshel, Dave LaLumia, Gregory Piaskowski, Peter Schonfeld, Walter Stillner, Larry Wagenknecht, Warren White, Harey Zuckerberg Andy Farmer, Kim Sibilsy, Anita Liberman-Lampear, William Mayer. MDCH Staff present Medicaid Director Paul Reinhart, Stephen Fitton, Sue Moran, Kathy Whited, Ed Kemp, and Bridget Heffron.
Guest presenters, Ms. Erin Black, State Budget Office and Ms. Fran Wallace, Office of Financial and Insurance Services.

Conference Call

Attendees:

Council Chair, Jan Hudson, called the meeting to order promptly at 1:00 pm.

Jan welcomed the group, introduced new Council members and thanked the Michigan Health and Hospital Association for hosting the meeting.

FY07 State Budget Update / FY08 Executive Budget Recommendations

Following the opening remarks, Ms. Erin Black with the State Budget Office gave a presentation on the status of the State and MDCH budgets. Ms. Black indicated that as of the February meeting, the State faced at least a \$600 M GF shortfall for the balance of FY07 and a projected \$2.2 B shortfall for FY08, without replacement of the Single Business Tax. Erin provided a summary of the FY2008 Executive Budget recommendations for the Department of Community Health. During the discussion that followed it was clear that the State could not simply cut its way out of the projected shortfall for FY07 and FY08. It was the consensus of the Council that a combination of increased revenues, state administrative efficiencies and program cuts would likely be needed to balance both fiscal year budgets. Both Jan and Paul indicated that the Governor so far had protected the poor, disabled and venerable populations as best she could, and reiterated that the FY2008 Executive Budget recommendation is based on significant new state revenues. However, there is no clear picture what cuts Medicaid would have to make if the legislature doesn't act soon on the Governor's proposed revenue recommendations.

FY08 Federal Budget

Steve Fitton gave a brief update on the President's Flexibility Initiative and indicated that MSA staff were just beginning to review its provisions and impact upon Medicaid. Paul discussed the recently released proposed regulation from CMS dealing with changes to the definition and administrative operations of Certified Public Expenditures. Paul and staff indicated that the proposed regulation was being reviewed by staff and our legal contractor Covington and Burling. Paul will be sending in

Medical Care Advisory Council Minutes

December 6, 2006

Page 2 of 3

comments to CMS by the March 19, 2007 the deadline. Due to its potential negative impact, Council members agreed that the MCAC should also submit comments (protest). Jan agreed to draft a letter to CMS with copies to the Michigan Congressional Delegation. Peter Schonfeld agreed to share documents prepared by the Hospital Association.

Policy Update

MSA staff provided updates on the status of the proposed DRA citizenship policy, to be released for public comment March 1st and finalized for an effective date of April 1, 2007. Several Council members expressed concern about the lack of specific training for DHS caseworkers, and the absence of a plan to reimburse applicants/recipients for required documentation. In addition staff presented and distributed data on the most recent Nursing Facility Transition report. Ed Kemp reported on the legislative boilerplate requirement for the establishment of a committee "that will attempt to identify possible Medicaid program savings associated with the creation of a preferred provider program or an alternative program for durable medical equipment, prosthetics, and orthotics." Ed shared the composition of the committee, that 2 meetings would be held, and a report reflecting the Committee's recommendations would be sent to the Legislature by April 1, 2007. Policy staff also discussed and distributed a summary of draft policy and a report of the boilerplate requirements for the Medicaid Program for FY07.

Michigan First Healthcare Plan

Paul asked Steve Fitton to give a summary of the status of the Michigan First Healthcare Plan and lead the discussion of the Council regarding the Plan. Steve indicated that stakeholder meetings and meetings with CMS are continuing. Steve also shared a two page memo with the Council members that served as the basis for discussion with the group. Steve asked for comments on the following topics, Subsidized Population; Benefit Design; Cost Issues and Crowd Out. Paul indicated that the Medicaid base issues/funding must be resolved before the State can proceed with Michigan First; that the state will not receive a federal waiver for Michigan First if Medicaid eligibility is reduced. If the Governor's revenue plan is not adopted, Medicaid will not be protected if \$1 billion in cuts must be made.

As anticipated there was a very lively discussion on the issues. Comments and concerns varied widely. Fran Wallace, Office of Financial and Insurance Services, also participated in the discussion. Members concerns included the following: standardized benefit package, if possible; keep it administratively simple; operationalize personal responsibility and enable recipients to be responsible by providing access to needed services; provide a strong consumer education component to the Plan; keep premiums to a minimum, or eliminate them altogether; stress prevention; review the Medicare literature on primary care and prevention; review the Muskegon Health Care Plan, because it works very well; and also add a limited dental benefit to the coverage package. Paul indicated that this Plan would be modeled after our Medicaid Health Plans, which contain a strong consumer satisfaction component, and Steve indicated, "we believe in managed care."

Committee members also expressed concern about cost neutrality and impact on public hospitals; the absence of home health care to follow an acute care episode, the ability to attract a good mix of enrollees to guarantee program viability, and the quality of and capacity for the mental health benefit. Crowd-out remains a concern and it was suggested that an incentive be developed for employers that maintain their healthcare coverage.

Medical Care Advisory Council Minutes

December 6, 2006

Page 3 of 3

Council members presented many valuable comments and suggestions for the Medicaid staff and Fran Wallace to take under advisement and consideration.

Jan indicated that the May 10, 2007 meeting would be held at the Michigan Public Health Institute, Learning Center in Okemos.

Following the announcement of the May meeting Jan thanked the Council members and the Medicaid staff members for attending and adjourned the meeting shortly after 4:30 pm.